Canadian Grain Commission

2014–15

Departmental Performance Report

The Honourable Lawrence MacAulay, P.C., M.P.,
Minister of Agriculture and Agri-Food

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Minister's Message

I am pleased to submit to Parliament and Canadians the Canadian Grain Commission's (CGC) *Departmental Performance Report* for fiscal year 2014-15.

This report details how the CGC used its resources from April 1, 2014 to March 31, 2015, to regulate grain handling and establish and maintain grain standards, while protecting the interests of producers and ensuring a dependable commodity for domestic and export markets.

Grain is one of Canada's most dynamic economic sectors, driving Canada's jobs and growth with over $20 billion in exports. Today, Canada's global reputation as a supplier of grain that is consistent in quality and safety is thanks in large part to the great work of the CGC over more than a century.

As Canada's Minister of Agriculture and Agri-Food, I will work with CGC and all stakeholders to ensure Canada's grain sector remains strong, competitive, and sustainable through a focus on exports, value-added processing, research and innovation, and grain transportation.

I would like to take this opportunity to thank CGC employees for their dedication and commitment during the past year, in working collaboratively with the entire value chain to grow opportunities for Canadian grain producers and Canada's economy.

It truly is an exciting time to be serving an industry with such a bright future. Our farmers and food processors are the best in the world, and global demand for their products is growing. I look forward to working together to keep Canada's agricultural sector innovative, prosperous, and strong, and deliver real results for Canadians.

The Honourable Lawrence MacAulay, P.C., M.P.,
Minister of Agriculture and Agri-Food

Chief Commissioner's Message

Since 1912, the Canadian Grain Commission (CGC) has served as the federal agency responsible for setting standards of quality for grain and regulating Canada's grain handling system.

I am pleased to report that, once again, the CGC received an unqualified audit opinion on its annual financial statements. A copy of the audited financial statements[i] is available on the CGC's website.

As Chief Commissioner, I am proud of the CGC's ongoing exemplary work to effectively meet the needs of producers, the industry and all Canadians in general. With much growth and rapid change in the Canadian grain sector, the CGC continues to provide relevant and essential services to our many stakeholders.

We remain committed to ensuring Canada's Grain Quality Assurance System builds on its reputation as the best in the world. I invite you to read this report to learn more about the CGC's accomplishments and how the organization carried out its mandate during the 2014-15 reporting period.

Elwin Hermanson
Chief Commissioner
Canadian Grain Commission

Section I: Organizational Expenditure Overview

Organizational Profile

Appropriate Minister:

- The Honourable Lawrence MacAulay, P.C., M.P.
- The Honourable Gerry Ritz, P.C., M.P. (responsible Minister for 2014–15)

Institutional Head: Elwin Hermanson, Chief Commissioner

Ministerial Portfolio: Agriculture and Agri-Food (AAF)

Enabling Instrument: *Canada Grain Act*[ii], R.S.C. 1985, c. G-10

Year of Incorporation / Commencement: 1912

Other: The CGC's head office is located in Winnipeg, Manitoba. The CGC currently operates two regional offices and eight service centres across Canada. Funding for CGC programs and activities is through a combination of revolving fund and appropriation sources.

Organizational Context

Raison d'être

The CGC is a federal government agency and administers the provisions of the *Canada Grain Act*. The CGC's **mandate** as set out in the *Canada Grain Act* is to, "in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets." The CGC's **vision** is: *"To be a world class, science-based quality assurance provider"*. The Minister of Agriculture and Agri-Food is responsible for the CGC.

Responsibilities

Under the *Canada Grain Act*, the CGC regulates the handling of 20 grains grown in Canada to ensure Canada's grain is safe, reliable and marketable, and Canadian grain producers are properly compensated for grain deliveries to licensed grain companies.[1] The CGC is a third party agency in Canada's grain sector and is the official certifier of Canadian grain shipments. Through its activities, the CGC supports a competitive, efficient grain sector and upholds Canada's international reputation for consistent and reliable grain quality and grain safety. To achieve its mandate, the CGC:

- regulates grain handling in Canada through the grain quality[iii] and quantity assurance[iv] programs,
- carries out scientific research[v] to understand all aspects of grain quality and grain safety and to support the grain grading system, and
- has implemented a number of producer protection programs[vi] and safeguards to ensure producers are properly compensated for the quality and quantity of grain delivered to licensed grain elevators and grain dealers. This includes the licensing and security program, the producer car allocation program, and the producer support program.

Additional information on the CGC's mandate and responsibilities[vii] is available on the CGC website.

1. Grain refers to any seed designated by regulation as a grain for the purposes of the *Canada Grain Act*. This includes barley, beans, buckwheat, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, soybeans, sunflower seed, triticale and wheat.

Strategic Outcome and Program Alignment Architecture

1. Strategic Outcome: Canada's grain is safe, reliable and marketable and Canadian grain producers are properly compensated for grain deliveries to licensed grain companies

- **1.1 Program:** Quality Assurance Program
- **1.2 Program:** Quantity Assurance Program
- **1.3 Program:** Grain Quality Research Program
- **1.4 Program:** Producer Protection Program
  - **1.4.1 Sub-Program:** Licensing and Security Program
  - **1.4.2 Sub-Program:** Producer Car Allocation Program
  - **1.4.3 Sub-Program:** Producer Support Programs

Internal Services

Organizational Priorities

Organizational Priorities

Priority	Type[2]	Strategic Outcome and Program
Relevant, efficient and innovative programs and services	New	This priority contributes to the CGC's strategic outcome and all CGC programs
Summary of Progress		

What progress has been made toward this priority?

The CGC continued to investigate opportunities to enhance producer protection programs and services, adjust processes and protocols to improve and enhance grain quality and safety assurance activities, refine quantity assurance processes and protocols, improve and enhance enforcement activities, and make adjustments to complement recent legislative amendments that streamlined the operations of the CGC. For example:

- The CGC worked in close collaboration with producers, industry stakeholders, Agriculture and Agri-Food Canada (AAFC), and other domestic and foreign government entities to ensure the CGC remains relevant and provides valuable programs and services. A targeted set of amendments were made to the *Canada Grain Act* as part of the *Jobs and*

2. Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

Growth Act, 2012 to streamline the operations of the CGC and reduce costs for CGC services by approximately $20 million per year. While these amendments were an important first step towards aligning the *Canada Grain Act* with the needs of today's grain sector, the CGC continues to investigate opportunities to adjust programs, services and costs to remain relevant, efficient and innovative. Bill C-48 - *Modernization of Canada's Grain Industry Act*[viii], introduced in Parliament on December 9, 2014, included further amendments to the *Canada Grain Act* to complement amendments made as part of the *Jobs and Growth Act, 2012*. Proposed amendments were aimed at enhancing producer protection and grain quality and grain safety assurance. Bill C-48 received first reading in in the House of Commons but died on the order paper when Parliament was dissolved for the 2015 fall election.

- As the Canadian grain industry continues to evolve, a new 'Team Canada' approach for 2014-15 New Crop Missions was initiated. Representatives from the CGC, the Canadian International Grains Institute (CIGI), Cereals Canada, as well as industry and producer organizations were included in the missions. New Crop Missions provide Team Canada and end use customers the opportunities for an exchange of information regarding quality factors in the current year's crops including baking and milling characteristics, to address any concerns related to end use attributes, and to establish and maintain government-to-government relationships. They also provide the CGC with an opportunity to exchange information with end use customers about the CGC's Quality Assurance Program. During 2014-15, CGC subject matter experts participated in New Crop Missions to Asia, Europe, South America, and North Africa/Middle East.
- From February 9 to April 9, 2015, the CGC consulted with stakeholders on a proposal to licence feed mills in western Canada. The objective of the proposal is to expand producer payment protection to producer deliveries to feed mills. Under the proposal, feed mills may be required to provide security as a condition of licensing. The CGC received 43 formal submissions from a diverse range of stakeholders including 53 feed mills, commodity and producer organizations. The discussion paper was accessed over 1,400 times on the CGC web site during the consultation period. All stakeholder comments will be taken into consideration during planned next steps. A summary of stakeholder feedback and next steps on the proposal to licence feed mills is available on the CGC website.[ix]
- From February 20 to April 20, 2015, the CGC consulted with stakeholders on a proposal to modernize Canada's wheat class system. The objective of the proposal is to review current Canadian wheat classes, enhance the consistency of Canadian wheat classes to support marketability, and add a new wheat class to address emerging requests from producers and markets. The CGC received 45 formal written submissions from a diverse range of stakeholders representing more than 150 commodity and producer organizations,

industry organizations, government departments, and domestic and international end users, as well as grain handlers/marketers, plant breeders, seed companies and seed growers. A summary of stakeholder feedback and next steps on the proposal is available on the CGC website.[x]

- The CGC continued efforts to respond to increased market demands for assurances of grain safety and market concerns about low-level presence (LLP) of unapproved genetically engineered events. This included working with other government departments and stakeholders on Canada's LLP policy model. This model should provide a workable approach to minimize the risk of trade disruptions and create a more predictable and transparent trading environment for grains and oilseeds.

Priority	Type[3]	Strategic Outcome and Program
Sustainable and equitable funding model	New	This priority contributes to the CGC's strategic outcome and all CGC programs

Summary of Progress

What progress has been made toward this priority?

In the fall of 2012, two initiatives were announced. Firstly, amendments to the *Canada Grain Act* to streamline operations of the CGC and eliminate unnecessary costs to the grain industry were contained in Bill C-45 (*Jobs and Growth Act, 2012*). Bill C-45 received royal assent on December 14, 2012 and *Canada Grain Act* amendments came into force on August 1, 2013. Secondly, on November 1, 2012, the CGC launched consultations on updated CGC user fees that reflect an updated *Canada Grain Act* and streamlined CGC operations. The new fees took effect August 1, 2013. These two initiatives have eliminated the CGC's dependence on annual ad hoc federal appropriations which has represented approximately 44 percent of CGC expenditures in recent years.

From fiscal year 2012-13 to fiscal year 2015-16, the CGC will have transformed itself into a streamlined and financially sustainable organization. It is important to note that CGC revenues are dependent on annual grain volumes that can fluctuate considerably from year to year, and are

3. Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

not fully known prior to commencement of the fiscal year. This can result in significant variances between CGC revenue projections and actual results. For example, revenues for 2014-15 were higher than expected due to higher than anticipated grain volumes. Revenue projections are based on average annual grain volumes of 23.253 million metric tonnes, whereas actual 2014-15 grain volumes were 37.937 million metric tonnes.

The CGC has established a user fees review cycle that will repeat every five years. The objective of the review cycle is to help ensure that the CGC's user fees accurately reflect costs and that there is sustainable funding for the organization and its valuable activities, such as science-based grain quality and grain safety assurance. During 2015-16, the CGC will commence a review of its fee structure to ensure that user fees accurately reflect the costs of providing services and reflect updated grain volume projections. Any adjustments to the fee structure and user fees will be made upon completion of the user fees review. It is anticipated that an updated fee structure and/or updated user fees will be in place in April, 2018.

Priority	Type[4]	Strategic Outcome and Program
Skilled, adaptable, engaged workforce	New	This priority contributes to the CGC's strategic outcome and all CGC programs

Summary of Progress

What progress has been made toward this priority?

Recent amendments to the *Canada Grain Act* and updates to CGC user fees resulted in significant changes to the CGC's organizational structure and program delivery processes. A highly skilled workforce is essential to deliver CGC programs and be accountable to Canadians. Equally important, the CGC must be able to adapt quickly to the evolving needs of the grain sector. This priority was aimed at ensuring the CGC continues to have a skilled and adaptable workforce that can navigate change successfully.

During 2014-15, the CGC focused on several people management activities to ensure the workforce has the necessary skills to deliver high quality programs now, and is prepared to respond to future needs of both internal and external stakeholders. This included initiatives

4. Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

related to performance management, learning, and leadership development targeted at current and future needs of the organization. The CGC was well positioned to fully implement the Treasury Board Secretariat Directive on Performance Management[xi] that came into effect for all departments and agencies on April 1, 2014. The objective of the directive is to promote a commitment, shared by managers, employees and their organizations, to sustaining a culture of high performance in the public service. A high-performing public service is built on employee engagement, a culture of excellence, demonstrated leadership, and a strong workplace and workforce. The CGC met all Directive requirements in the prescribed timeframes.

In addition, the CGC engaged groups of employees and managers in activities related to Blueprint 2020. CGC leadership actively worked to support ongoing engagement and strengthen communication through internal networks and work groups. In light of significant changes experienced at all levels of the organization, the CGC continued efforts to foster a work environment where employees feel engaged, equipped and supported as they adapt to recent changes and become increasingly resilient in the midst of ongoing change.

Risk Analysis

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Adapting the organization to remain relevant to CGC stakeholders	This is linked to the organizational priority relevant, efficient and innovative programs, services and costs. The CGC operates in an environment that continues to evolve rapidly. The CGC must be able to adjust and adapt programs to align with changes in the external environment in order to maintain Canada's reputation as a consistent supplier of quality grain and to ensure Canadian grain producers are protected. To mitigate this risk, the CGC continued to investigate and integrate new technologies, processes and protocols into programs and services. Risk trends were monitored closely and mitigation strategies revised as required.	Linked to the CGC's sole strategic outcome and all CGC programs

Risk	Risk Response Strategy	Link to Program Alignment

		Architecture
Stakeholder pressure to establish an equitable and sustainable funding model	This is linked to the organizational priority "sustainable and equitable funding model". While updated CGC user fees recently took effect to eliminate dependence on annual ad hoc appropriation funding, there continues to be external pressure and corresponding risks related to the CGC's funding structure. During 2015-16, the CGC will commence a review of its fee structure to ensure that user fees accurately reflect the costs of providing services and reflect updated grain volume projections. Risks will continue to be monitored closely and mitigation strategies revised as required.	Linked to the CGC's sole strategic outcome and all CGC programs

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Capacity within the CGC to deliver programs and adapt to change	An ongoing risk to the CGC is ensuring sufficient human resource capacity to carry out day-to-day operational work while at the same time adapting to changes in the internal and external environments. While this risk is linked to all organizational priorities, the priority "skilled, adaptable, engaged workforce" is aimed at mitigating this risk. Capacity trends will be monitored closely and mitigation strategies revised as required. For example, projects and activities are being monitored and will be stopped, delayed or decreased if necessary.	Linked to the CGC's sole strategic outcome and all CGC programs

The CGC is continually adapting programs and services to assure consistent and reliable grain quality and grain safety that meets the needs of international and domestic markets and to ensure Canadian grain producers are protected. Risk management is an essential part of strategic planning and decision making at the CGC. Feedback from producers and grain handlers, domestic and international grain buyers and processors, and other government organizations has proven to be a reliable early indicator of risk arising from developments in our external environment.

The CGC has an established process in place to identify, monitor, mitigate and manage corporate level risks. Strategic planning for the upcoming fiscal year includes preparation of an extensive environmental scan, broad and inclusive identification of emerging threats and/or opportunities for improvement, an internal human resources scan and workforce analysis, and the development of a corporate risk profile summary to identify areas of greatest risk exposure to the CGC in delivering its strategic outcome and programs. Corporate level risks and mitigation strategies are reviewed during the strategic planning process and key risks for the upcoming fiscal year are identified based on current internal and external factors. During 2014-15, the CGC re-established an internal Integrated Risk Management Working Group (IRMWG). This group includes representatives from all CGC programs and divisions. The group meets quarterly to identify and assess CGC risks and risk response strategies. CGC senior management reviews the key corporate risks on a quarterly basis to adjust and/or identify additional mitigation strategies and/or contingency plans.

Actual Expenditures

Budgetary Financial Resources (dollars)

	2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	Difference (actual minus planned)
Voted and Statutory Spending	16,383,894	16,383,894	17,126,936	10,013,793	(6,370,101)
Vote Netted Revenue	54,060,304	54,060,304	54,073,629	49,191,899	(4,868,405)
Total Operating Budget	70,444,198	70,444,198	71,200,565	59,205,692	(11,238,506)

Human Resources (Full-Time Equivalents [FTEs])

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
404	395	(9)

Budgetary Performance Summary for Strategic Outcome and Program(s) (dollars)

Strategic Outcome(s), Program(s) and Internal Services	2014–15 Main Estimates	2014–15 Planned Spending	2015–16 Planned Spending	2016–17 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	2013–14 Actual Spending (authorities used)	2012–13 Actual Spending (authorities used)
Strategic Outcome 1: Canada's grain is safe, reliable and marketable and Canadian grain producers are properly compensated for grain deliveries to licensed grain companies								
1.1 Quality Assurance Program	38,428,772	38,428,772	30,665,359	31,172,568	38,407,341	29,782,644	36,108,210	40,035,541
1.2 Quantity Assurance Program	4,665,784	4,665,784	1,752,902	1,781,895	4,615,515	2,073,118	10,988,215	12,520,212
1.3 Grain Quality Research Program	7,978,107	7,978,107	7,437,753	7,560,774	8,820,958	8,857,999	12,091,194	11,055,383
1.4 Producer Protection Program	1,520,937	1,520,937	3,563,722	3,622,667	1,516,301	3,542,298	3,614,362	3,711,368
Subtotal	**52,593,600**	**52,593,600**	**43,419,736**	**44,137,904**	**53,360,115**	**44,256,059**	**62,801,981**	**67,322,504**
Internal Services Subtotal	17,850,598	17,850,598	17,117,785	17,400,915	17,840,450	14,949,633	15,729,596	15,049,754
Total	**70,444,198**	**70,444,198**	**60,537,521**	**61,538,819**	**71,200,565**	**59,205,692**	**78,531,577**	**82,372,258**

From fiscal year 2012-13 to fiscal year 2015-16, the CGC will have transformed itself into a streamlined and financially sustainable organization. Fiscal year 2013-14 and 2014-15 were transition years for the CGC as a result of updates to user fees and amendments to the *Canada Grain Act* that came in to effect concurrently on August 1, 2013. These changes resulted in a significant reduction in CGC operating costs and FTE requirements. Program spending for 2015-16 and future years reflects planned program spending under the amended *Canada Grain Act* and updated user fees.

2014-15 planned spending ($70.444 million) is reflective of approved authorities at publication of the CGC's 2014-15 Report on Plans and Priorities (RPP). This includes authority to access accumulated surplus of $7.947 million, employee termination benefit of $2.945 million, $5.492 million of annual appropriation authority, and $54.060 million of the CGC revolving fund authority which allows the CGC to re-spend fees that it has collected. Subsequent to publication

of the RPP, an additional $0.757 million from operational budget carryforward and other minor adjustments were included in 2014-15 total authorities ($71.201 million).

2014-15 actual spending ($59.206 million) is $11.238 million less than planned spending ($70.444 million). This is primarily due to:

- decreased use of employee termination benefits funding and severance payments of $7.167 million in-year; and
- decreased operational spending of $4.071 million primarily related to delays in staffing and delays in investment in infrastructure.

During 2014-15, the CGC reviewed the activities associated with its programs. This resulted in a realignment of certain activities, as well as the associated costs and FTEs, between programs of the PAA. For example, $2.991 million was realigned, primarily from the Quality Assurance Program, to the Grain Quality Research Program to better reflect resource use. In addition, $2.178 million was realigned to the Producer Protection Program. The difference between 2014-15 planned spending and 2014-15 actual spending by program is explained in Section II of this report.

Alignment of Spending With the Whole-of-Government Framework

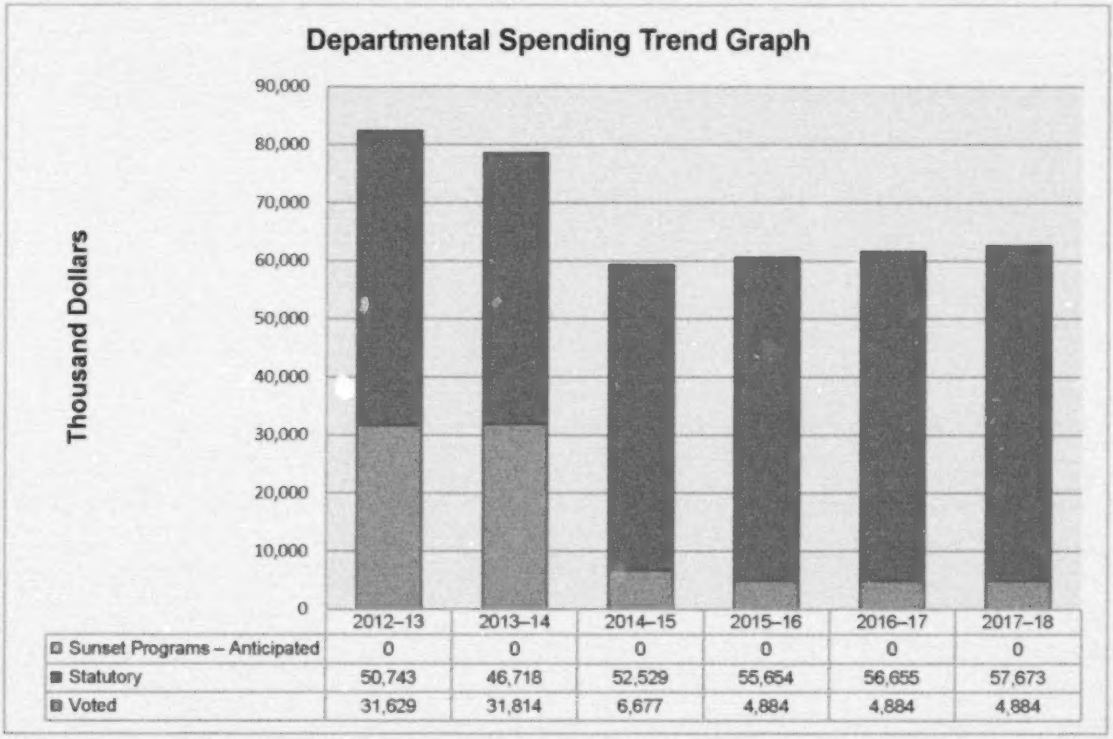
Alignment of 2014–15 Actual Spending With the Whole-of-Government Framework[xii] (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2014–15 Actual Spending
Canada's grain is safe, reliable and marketable and Canadian grain producers are properly compensated for grain deliveries to licensed grain companies	Quality Assurance Program	Economic Affairs	An innovative and knowledge-based economy	29,782,644
	Quantity Assurance Program	Economic Affairs	An innovative and knowledge-based economy	2,073,118
	Grain Quality Research Program	Economic Affairs	An innovative and knowledge-based economy	8,857,999
	Producer Protection Program	Economic Affairs	A fair and secure marketplace	3,542,298

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic affairs	52,593,600	44,256,059
Social affairs	0	0
International affairs	0	0
Government affairs	0	0

Departmental Spending Trend



	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Sunset Programs – Anticipated	0	0	0	0	0	0
Statutory	50,743	46,718	52,529	55,654	56,655	57,673
Voted	31,629	31,814	6,677	4,884	4,884	4,884

The Spending Trend Graph shows CGC actual spending (2012-13 through 2014-15) and planned spending (2015-16 through 2017-18). During 2013-14, the CGC completed consultations on updated user fees based on streamlined CGC operations and amendments to the *Canada Grain Act*. Fiscal years 2013-14 and 2014-15 were transition years for the CGC as a result of updates to user fees and amendments to the *Canada Grain Act* that came into effect concurrently on August 1, 2013.

Funding for fiscal years 2012-13, 2013-14, and 2014-15 included a combination of an ongoing appropriation, ad hoc appropriation and authority to re-spend revenues collected from fees. Planned spending for fiscal years 2015-16, 2016-17, and 2017-18 is based on operations under an amended *Canada Grain Act* and updated user fees. Updated CGC user fees are expected to eliminate the requirement for annual ad hoc funding. Going forward, the CGC will receive ongoing annual appropriation of $5.475 million. This includes $4.884 million in voted appropriation as well as $0.591 of statutory funding in support of the Employee Benefits Plan.

The CGC is a revolving fund and is funded primarily through user fees. The *Guide on Revolving Funds Policy and Accounting Issues* identifies that the fee structure should reflect the operational

costs of the services provided over the following five years and that revenues earned should offset the associated costs of the service. It is important to note that CGC revenues are dependent on annual grain volumes that can fluctuate considerably from year to year, and are not fully known prior to commencement of the fiscal year. These factors can result in significant variances between CGC revenue projections and actual results. The CGC's user fees structure and revenue projections are based on average annual grain volumes of 23.253 million metric tonnes. Because actual grain volumes vary from year to year, in years with higher-than-average grain volumes, revenues may exceed costs and the CGC could accumulate surpluses. In years with lower-than-average grain volumes, revenues could be less than costs and the CGC is required to draw on its surpluses. During 2015-16, the CGC will commence a review of its fee structure to ensure that user fees accurately reflect the costs of providing services and reflect updated grain volume projections. Any adjustments to the fee structure and user fees will be made upon completion of the user fees review. It is anticipated that an updated fee structure and updated user fees will be in place in April, 2018.

Expenditures by Vote

For information on the Canadian Grain Commission's organizational voted and statutory expenditures, consult the *Public Accounts of Canada 2015*,[xiii] which is available on the Public Works and Government Services Canada website.[xiv]

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome 1: Canada's grain is safe, reliable and marketable and Canadian grain producers are properly compensated for grain deliveries to licensed grain companies

Program 1.1: Quality Assurance Program

Description

The CGC's quality assurance program is delivered pursuant to the *Canada Grain Act* and the *Canada Grain Regulations*. This program assures consistent and reliable grain quality that meets the needs of international and domestic markets. Grain quality refers to end-use processing quality, grain safety and cleanliness, and, in some cases, the composition of varieties in shipments of grain. Provision of grain inspection, grain safety, and grading services, as well as strong scientific and technical support programs and services are integral components to the overall delivery of an effective quality assurance program. The program includes a complaints resolution process for resolving customer complaints and disputes with respect to grain quality assurance. An effective grain quality assurance program is a key factor in permitting Canadian exporters to market successfully in competitive international grain markets and is essential for producers to realize maximum value from their grain. The quality assurance program is funded by revolving fund revenue.

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
38,428,772	38,428,772	38,407,341	29,782,644	(8,646,128)

Human Resources (Full-Time Equivalents [FTEs])

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
233	199	(34)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Consistent and reliable grain quality and grain safety assurance to meet the needs of domestic and international markets	Number of justified cargo complaints due to a breakdown in CGC quality and/or safety assurance	Zero	Zero
	Number of instances where buyers are dissatisfied with CGC standards, methods or procedures used to ensure a safe and dependable commodity for domestic and export markets	Zero	Zero

Performance Analysis and Lessons Learned

The Quality Assurance Program directly supports the delivery of the CGC's mandate and is necessary for the CGC to deliver upon its strategic outcome of assuring Canada's grain is safe, reliable and marketable.

2014-15 actual spending is $8.646 million less than 2014-15 planned spending primarily due to:

- decreased use of employee termination benefits and severance payments of $3.443 million;
- decreased operational spending of $1.744 million primarily related to delays in staffing and delays in investment in infrastructure; and
- decreased program costs of $3.459 million from realignment to other programs. This resulted in actual FTEs being significantly less than planned FTEs.

During 2014-15, the CGC continued to provide all inspection services in accordance with the CGC's quality management system ISO 9001:2008 Standards to ensure consistent and reliable quality assurance of Canadian grain shipments. The CGC certified the quality of 1784 cargoes representing 37,645,361 tonnes of Canadian export grain. The CGC investigated complaints from buyers regarding four of those cargoes. Upon thorough investigation of the loading process,

including analysis of cargo samples and vessel loading documentation, the CGC's Chief Grain Inspector concluded that none of the complaints were justifiable.

During 2014-15, the CGC continued to work closely with producers, industry stakeholders, AAFC, the Canadian Food Inspection Agency (CFIA), and other government departments and agencies to adjust and adapt the Quality Assurance Program to align with amendments to the *Canada Grain Act* that came into force on August 1, 2013. Further amendments to the Quality Assurance Program, included in Bill C-48, were identified to enhance Canada's GQAS, improve grain safety assurance, and complement the amendments that came into force on August 1, 2013. Bill C-48 received first reading in in the House of Commons but died on the order paper when Parliament was dissolved for the 2015 fall election.

The CGC continued to liaise with other federal government departments (e.g. CFIA, AAFC, Health Canada, Foreign Affairs, Trade and Development Canada), the Canadian grain industry, producers, and international agencies concerning grain quality and safety matters and trade implications. In addition, the CGC continued efforts to clarify its role within the industry and among other government departments as a foundation for developing technology and enabling the evolution of certification services in accordance with that role. Additional information on the activities and services that contribute to the Quality Assurance Program[xv] is available on the CGC website.

Program 1.2: Quantity Assurance Program

Description

The CGC's quantity assurance program is delivered pursuant to the *Canada Grain Act* and the *Canada Grain Regulations*. The services delivered under this program facilitate the official weighing of export shipments of grain discharged from terminal elevators and the issuance of accompanying quantity assurance documentation. This program ensures international grain buyers and end users that Canadian export grain shipments are accurately weighed and that the weighed product is delivered to conveyances as reported on CGC documentation. The program includes weighing systems certifications at terminal elevators, input into weighing equipment requirements and device inspection frequency at primary elevators to ensure accurate weighing of producer deliveries, and a quantity assurance dispute resolution process. To maintain relevancy and to address constantly changing industry demands, the quantity assurance program is supported through legislative requirements and technically based responsibilities. The quantity assurance program is funded by revolving fund revenue.

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
4,665,784	4,665,784	4,615,515	2,073,118	(2,592,666)

Human Resources (Full-Time Equivalents [FTEs])

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
15	14	(1)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Consistent and reliable quantity assurance of Canadian grain shipments	Number of justified cargo complaints due to a breakdown in CGC assessment of quantity	Zero justifiable cargo complaints	Zero

Performance Analysis and Lessons Learned

The CGC continued to deliver all weighing services as per ISO 9001:2008 Standards to ensure consistent and reliable quantity assurance of Canadian grain shipments and to meet the legislative requirements of the *Canada Grain Act*. This includes regular review of quantity assurance processes allowing the CGC to adjust service procedures and identify or adjust training as necessary.

2014-15 spending is $2.593 million less than 2014-15 planned spending primarily due to:

- decreased use of employee termination benefits and severance payments of $1.171 million;
- decreased operational spending of $1.580 million primarily related to delays in staffing and delays in investment in infrastructure; and
- increased program costs of $0.158 million from realignment from other programs.

During 2014-15, the CGC investigated five weight-related cargo complaints. Upon thorough review and analysis, the CGC concluded that the original statement of quantity for all the shipments was correct. The CGC continued to work closely with producers, industry stakeholders, Measurement Canada, AAFC, and other government departments and agencies to establish and maintain grain quantity assurance standards that evolve with industry grain weighing procedures, equipment standards, and quantity assurance needs.

Amendments to the *Canada Grain* Act, effective August 1, 2013, streamlined service delivery and removed CGC services no longer necessary to meet program expected results. This included moving responsibility for inward weighing at terminal elevators and weighing of domestic lakers from the CGC to the private sector, as well as removing the requirement for regular primary and terminal elevator weigh-overs. Adjusting and adapting the Quantity Assurance Program to align with amendments to the *Canada Grain Act* and fully transforming official weighing for export shipments from weighing of grain under the supervision of a person authorized by the Commission to a manner authorized by the Commission was a focus of this program in 2014-15.

Additional information on the activities and services that contribute to the Quantity Assurance Program[xvi] is available on the CGC website.

Program 1.3: Grain Quality Research Program

Description

The *Canada Grain Act* requires the CGC to undertake, sponsor and promote research related to grains. The CGC conducts research in support of Canada's grain quality assurance system to address emerging issues and permit the effective marketing of Canadian grain. The CGC's Grain Research Laboratory (GRL) researches factors affecting the quality and safety of grain and grain-based products. Research in the GRL forms the basis of grain specifications. This program benefits not only the agricultural sector, but also Canadians as consumers of grain products. Close collaboration with Canadian and international scientific, academic, analytical, grain industry organizations and other Canadian government departments (e.g., Agriculture and Agri-Food Canada, Canadian Food Inspection Agency, Health Canada) ensures that the CGC remains abreast of new research developments and is able to adapt research priorities to emerging challenges. The grain quality research program is funded by a combination of revolving fund revenue and appropriations.

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
7,978,107	7,978,107	8,820,958	8,857,999	879,892

Human Resources (Full-Time Equivalents [FTEs])

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
34	59	25

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Scientific information is available to support and inform GQAS decision making	Number of instances where timely and appropriate scientific information is not available to support and inform GQAS decision making	Zero instances	Zero

Domestic and international marketers, buyers, and processors have accurate and appropriate scientific information on the quality and safety of Canadian grain	Number of instances where domestic and international marketers, buyers, and processors do not have access to accurate and appropriate scientific information on the quality and safety of Canadian grain	Zero instances	Zero
Threats to Canada's GQAS from registration of new varieties are minimized	Number of complaints from end-users of Canadian grain on the quality of newly registered varieties	Zero complaints	Zero

Performance Analysis and Lessons Learned

During 2014-15, the GRL successfully conducted research in support of grade specifications and the grading system. Scientific information and research results were shared with the scientific community and stakeholders (eg. provided to facilitate Western Standards Committee recommendations[xvii] and Eastern Standards Committee recommendations[xviii]).

2014-15 actual spending is $0.880 million more than 2014-15 planned spending primarily due to:

- increased program costs of $2.991 million from realignment from other programs. This resulted in actual FTEs being significantly higher than planned FTEs;
- decreased use of employee termination benefits and severance payments of $1.153 million; and
- decreased operational spending of $0.958 million primarily related to delays in staffing and delays in investment in infrastructure.

The GRL's Crops Section[xix] scientifically assessed the quality of the 2014 Canadian grain harvest[xx], assessed how grading factors affect end-use qualities, researched new uses for Canadian grains, and assessed new and improved methods for evaluating and measuring end-use quality factors for all grains. In addition, new varieties were assessed for quality as part of the variety registration process. This research continues to be a significant factor in permitting effective marketing of Canadian grains and facilitates end-use diversification of Canadian grains.

The GRL's Technologies Section[xxi] continued efforts to study and develop technologies and methods to assess the quality and safety of Canadian grains. Research efforts are aimed at developing and implementing new and improved methods for evaluating and measuring grain quality and grain safety to increase efficiency, reduce costs and enhance the testing capabilities of the CGC and the Canadian grain industry.

Going forward, the CGC will continue to manage and allocate GRL resources to respond to testing and monitoring requirements under the Quality Assurance Program and to undertake and promote fundamental and/or long term research in support of the GQAS. Additional information on the Grain Quality Research Program[xxii] is available on the CGC website.

Program 1.4: Producer Protection Program

Description

Pursuant to the *Canada Grain Act* and *Canada Grain Regulations*, the CGC has implemented a number of programs and safeguards to ensure that grain producers are properly compensated for grain delivered to licensed grain companies. These include the licensing and security program, allocation of producer cars for producers and producer groups that wish to ship their own grain, and producer liaison measures including a grain grade reinspection system. In addition, the CGC collects and updates grain quality data and grain handling information to facilitate producer sales and marketing decisions. The producer protection program is funded by revolving fund revenue.

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
1,520,937	1,520,937	1,516,301	3,542,298	2,021,361

Note: Planned spending amounts do not include amounts for the Producer Support Programs Sub-Program. Amounts in support of the Producer Support Programs Sub-Program are reported in other programs.

Human Resources (Full-Time Equivalents [FTEs])

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
8	23	15

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Risk to producers of not receiving fair compensation for their grain is mitigated	Percentage of producers who agree that CGC producer protection activities help to reduce the risk of not being fairly compensated for grain delivered into the licensed grain handling system	75 percent	Results are based on a triennial survey. Plans to conduct a survey in 2013-14 were put on hold due to other priorities. The next survey is planned for 2015-16.

Producers are aware of CGC producer protection programs and services	Percentage of producers who are aware of CGC producer protection activities	75 percent	Results are based on a triennial survey. Plans to conduct a survey in 2013-14 were put on hold due to other priorities. The next survey is planned for 2015-16.

Performance Analysis and Lessons Learned

Planned spending amounts for this program do not include amounts for the Producer Support Programs Sub-Program. Amounts in support of the Producer Support Programs Sub-Program were included in other programs in the CGC's 2014-15 RPP. This accounts for the significant variance between planned and actual results at the program level. Actual spending and FTEs for the Producer Support Programs Sub-Program were $2.178 million and 12 FTEs respectively.

2014-15 actual spending is $2.021 million more than 2014-15 planned spending primarily due to:

- increased program costs of $2.274 million from realignment from other programs;
- decreased use of employee termination benefits and severance payments of $0.080 million; and
- decreased operational spending of $0.173 million primarily related to delays in staffing and delays in investment in infrastructure.

During 2014-15, the CGC continued to adjust and adapt producer protection activities and services to align with recent amendments to the *Canada Grain Act*. The CGC continued communication efforts to ensure producers are aware of their rights under the amended *Canada Grain Act* and to increase awareness of CGC producer protection activities and services. The CGC responded to all inquiries from producers and responded to all producer complaints related to compensation received for the quality and/or quantity of grain delivered within the licensed grain handling system. The CGC continued to consult with and evaluate feedback from producers on the services provided under this program.

On March 26, 2014, the *Fair Rail for Grain Farmers Act*,[xxiii] (Bill C-30) was tabled in Parliament. Bill C-30 received Royal Assent on May 29, 2014. The *Fair Rail for Grain Farmers Act* amended the *Canada Grain Act* to provide the CGC with the authority to regulate provisions of grain contracts between farmers and licensed grain buyers. Consequential amendments to the *Canada Grain Regulations* came into effect on August 1, 2014. The regulations address non-compliance for grain contracts between licensed grain companies and farmers that specify a

delivery timeframe. Farmers now have a mechanism where they could be paid a penalty amount if their grain deliveries are not accepted within the timeframes defined in their contracts with grain companies licensed by the CGC. The new provisions will result in enhanced producer protection and will contribute to more balanced contractual relationships between grain companies and farmers.

Sub-Program 1.4.1: Licensing and Security

Description

Pursuant to the *Canada Grain Act* and *Canada Grain Regulations*, the CGC licenses or exempts grain companies from licensing if their businesses meet certain legislated requirements. The licensing and security program mitigates risks to producers of not being properly compensated for grain delivered to licensed grain companies and provides the framework for establishing and maintaining the Canadian grain quality assurance system. CGC licensees are required to obtain prescribed security for the purpose of covering their potential obligations to producers in the event of a company default.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
1,290,339	1,081,205	(209,134)

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
6	9	3

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Risks to producers of not being properly compensated for grain delivered to a CGC licensee is mitigated	Percentage of producers who agree that the CGC's licensing and security program reduces the risk of not being properly compensated for grain delivered into the licensed grain handling system	75 percent	Results are based on a triennial survey. Plans to conduct a survey in 2013-14 were put on hold due to other priorities. The next survey is planned for 2015-16.

Performance Analysis and Lessons Learned

As of March 31, 2015, the CGC had issued licences for 326 primary elevators, 44 process elevators, 31 terminal elevators, and 90 grain dealers. The CGC continued to investigate reports of unlicensed companies to determine if they require licensing under the *Canada Grain Act*. In cases where the CGC has determined a licence is required, the licensing process has been initiated. Amendments to the *Canada Grain Act* that came into force on August 1, 2013 allow for an insurance-based producer payment protection model. While it was planned to have a new insurance-based security model in place during the 2014-15 fiscal year, this is no longer being implemented. The CGC will continue to investigate opportunities to develop a more cost-effective producer payment protection model. Until an alternative model is developed, the current payment protection model will continue.

Reports and business records from all licensees were reviewed and 22 licensees were audited by the CGC. The CGC continued to refine its processes for reviewing and monitoring licensees, scheduling audits, and for determining other courses of action. CGC staff responded to all reported instances of licensing non-compliance. During 2014-15, there were zero licensees that did not meet producer payment obligations. The CGC continued monitoring activities to mitigate non-payment risks to producers and continued to investigate opportunities to streamline and reduce costs associated with this program.

Sub-Program 1.4.2: Producer Car Allocation

Description

Pursuant to the *Canada Grain Act* and *Canada Grain Regulations*, the CGC provides an alternate grain delivery mechanism for producers and producer groups that wish to ship their own grain by railcar. The CGC works closely and cooperatively with the grain industry and the railways in an effort to ensure that producer car orders are filled in a timely manner. The CGC has sole responsibility for the allocation of producer cars for all grains.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
230,598	282,769	52,271

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
2	2	0

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Producers are able to bypass the primary elevator system and ship grain to port position or another destination of their choosing	The number of formal justifiable complaints related to producer car access and availability	Zero	Zero
	Percentage of producers who use the producer car allocation program who are satisfied with the program	75 percent	Results are based on a triennial survey. Plans to conduct a survey in 2013-14 were put on hold due to other priorities. The next survey is planned for 2015-16.

Performance Analysis and Lessons Learned

During 2014-15, the CGC launched an online producer car application process. The new system makes it more convenient for producers to apply for producer cars and allows the CGC to process applications more efficiently. The CGC continued communication efforts to ensure producers and producer groups are aware of the producer car program and the steps involved in applying for a producer car if they wish to ship their own grain by railcar. The CGC received and processed applications for approximately 17,000 producer cars during 2014-15. The CGC responded to all inquiries and concerns with respect to the administration of the allocation of producer cars. There were zero formal complaints received during 2014-15.

Sub-Program 1.4.3: Producer Support Programs

Description

The CGC has several programs and activities to ensure producers are properly compensated for the quality of grain delivered and shipped. These programs and activities are not material enough to be considered independently. They include the submitted samples program, the harvest sample program, reinspection of samples on producer request, and investigation of quality and dockage complaints. In addition, the CGC continually collects and updates grain quality data and grain handling information and makes it available to producers and other interested parties to facilitate producer sales and marketing decisions.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
Amounts included in other programs	2,178,324	2,178,324

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
Amounts included in other programs	12	12

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Risk to producers of not receiving fair compensation for the quality of grain delivered into the licensed grain handling system is mitigated	Percentage of producers who agree that access to CGC third party quality information reduces their risks of not receiving fair compensation for the quality of their grain upon delivery into the licensed grain handling system	70% (based on a survey of producers to be conducted every three years)	Results are based on a triennial survey. Plans to conduct a survey in 2013-14 were put on hold due to other priorities. The next survey is planned for 2015-16.

Performance Analysis and Lessons Learned

Budgetary financial resources and human resource amounts in support of the Producer Support Programs Sub-Program were included in other programs in the CGC's 2014-15 RPP. Actual spending and FTEs for the Producer Support Programs Sub-Program were $2.178 million and 12 FTEs respectively.

The CGC has set up an information and compliance framework to safeguard fair and equitable grain transactions for producers. Communication efforts continued to ensure producers are aware of the producer support programs available to them under this sub-program. The CGC has a complaints protocol that outlines the process to be followed when responding to producer complaints and investigating violations of the *Canada Grain Act*. The protocol acts as a guide to ensure the CGC responds appropriately and consistently to all producer concerns.

The licensing requirements of the *Canada Grain Act* ensure that producers who deliver to a licenced primary elevator can access their right to be paid on the basis of grade and dockage that is determined by a CGC inspector, rather than by the grain handler. During 2014-15, grain producers submitted 141 samples to the CGC for quality determination under "subject to inspector's grade and dockage". In addition, 1,537 samples were submitted to the CGC for grading by producers (submitted samples).

The CGC continued to collect and update statistics[xxiv] on grain quality and grain handling and made data available to producers and other interested parties to facilitate producer sales and marketing decisions. During 2014-15, the CGC continued to work with grain quality and grain handling data providers to ensure statistical information is accurate and available to producers and other users of the data. In addition, the CGC continued efforts to maintain continuity in data collection and dissemination in efficient and cost-effective ways.

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are Management and Oversight Services, Communications Services, Legal Services, Human Resources Management Services, Financial Management Services, Information Management Services, Information Technology Services, Real Property Services, Materiel Services, Acquisition Services, and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not those provided to a specific program.

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
17,850,598	17,850,598	17,840,450	14,949,633	(2,900,965)

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
114	100	(14)

Performance Analysis and Lessons Learned

Internal Services include activities and resources that apply across the organization in support of the strategic outcome and programs. Because internal services are enabling activities, success can be measured by tracking results against organizational priorities, government-wide priorities, and program expected results.

2014-15 actual spending is $2.901million less than 2014-15 planned spending primarily due to:

- decreased use of employee termination benefits and severance payments of $1.320 million;
- increased operational spending of $0.383 million primarily related to minor increases in investment in infrastructure; and
- decreased program costs of $1.964 million from realignment to other programs.

During 2014-15, a key focus of Internal Services was supporting the CGC's organizational priorities identified in Section I. This included support with respect to adjusting programs, services and costs to remain relevant, efficient and innovative, investigating sustainable and equitable funding model alternatives, and providing tools and resources aimed at ensuring the CGC continues to have a skilled, engaged, and adaptable workforce.

During 2014-15, the new Directive on Performance Management came into effect for all departments and agencies. The CGC was well positioned to fully implement the Directive and met all requirements in the prescribed timeframes. Efforts are ongoing to ensure that meaningful performance discussions take place between managers and employees and that talent management plans are developed.

During 2014-15, the CGC participated in Treasury Board Secretariat's (TBS) redesigned Management Accountability Framework (MAF) assessment for small departments and agencies (SDA). The goal of the annual MAF assessment for SDAs is to improve management and oversight practices as well as support the Government of Canada's strategic direction for management. CGC performance was measured in four core areas: Financial Management, People Management, Management of Integrated Risk, Planning and Performance, and Information Management and Information Technology (IM/IT). Assessment results indicate sound management practices at the CGC.

In the spring of 2013, the Clerk of the Privy Council launched Blueprint 2020[xxv]. During 2014-15, the CGC continued to adapt internal and external programs and services to achieve the organizational goals, while contributing to the Destination 2020[xxvi] action plan. Internally, engagement of employees continued to be a focus. Many CGC employees and managers continue to participate in networks and communities and benefit from the learning and developmental opportunities they can offer. The CGC continued to develop networks and partnerships with other departments, other levels of government and industry groups. In addition, efforts continue to enhance applications and processes to improve services, add speed and efficiency, and ensure alignment of technology and infrastructure with the Government of Canada.

Section III: Supplementary Information

Financial Statements Highlights

Condensed Statement of Operations (unaudited)
For the Year Ended March 31, 2015
(dollars)

Financial Information	2014–15 Planned Results (Restated)*	2014–15 Actual	2013–14 Actual	Difference (2014–15 actual minus 2014–15 planned)	Difference (2014–15 actual minus 2013–14 actual)
Total expenses	59,246,455	55,198,853	56,589,945	(4,047,602)	(1,391,092)
Total revenues	54,060,303	77,434,468	53,165,982	23,374,165	24,268,486
Net cost of operations before government funding and transfers	5,186,152	(22,235,615)	3,423,963	(27,421,767)	(25,659,578)

***Note:** The total revenue has been restated from total revenue of future-oriented statement of operations to exclude appropriations.[xxvii]

2014-15 Actual to 2014-15 Planned

The net cost of operations before government funding and transfers for 2014-15 actual spending is $(22.236) million, a decrease of $27.422 million from planned results of $5.186 million. This is due to:

a. decreased actual spending of $4.048 million as compared to planned spending primarily related to:
   - decreased spending of $2.143 million in salary expenditures as a result of delays in staffing;
   - decreased spending of $0.795 million in professional and special services due to delays in financial management system implementation and reduced requirement for legal services; and

- decreased spending of $0.646 million in amortization due to delays in investment in infrastructure; and

b. increased actual revenue of $23.374 million as compared to planned revenue primarily due to increased grain volumes as a result of the 2013 record crop year production and carryover. During 2014-15, actual grain volumes handled (37.937 million metric tonnes) were 14.684 million metric tonnes more than planned grain volumes (23.253 million metric tonnes).

2014-15 Actual to 2013-14 Actual

The net cost of operations before government funding and transfers for 2014-15 actual spending is $(22.236) million, a decrease of $25.660 million from 2013-14 actual spending. This is due to:

a. decreased spending of $1.391 million in 2014-15 as compared to 2013-14 spending primarily due to decreased salary expenditures incurred in 2014-15 resulting from the departure of employees; and
b. increased revenues of $24.268 million in 2014-15 as compared to 2013-14 due to:
   - increased revenues of $19.013 million as a result of the implementation of updated user fees effective August 1, 2013; and
   - increased revenues of $5.255 million as the result of increased grain volumes from the 2013 year crop production and carryover. During 2014-15, the CGC handled 2.963 million metric tonnes of grain more than were handled in 2013-14.

Condensed Statement of Financial Position (unaudited)
As at March 31, 2015
(dollars)

Financial Information	2014–15	2013–14	Difference (2014–15 minus 2013–14)
Total net liabilities	11,399,272	12,738,810	(1,339,538)
Total net financial assets	9,532,270	10,123,078	(590,808)
Departmental net debt	1,867,002	2,615,732	(748,730)
Total non-financial assets	8,627,021	8,261,260	365,761
Departmental net financial position	6,760,019	5,645,528	1,114,491

The departmental net financial position in 2014-15 was $6.760 million, an increase of $1.114 million from 2013-14 departmental financial position of $5.645 million primarily due to decreased total liabilities of $1.340 million in 2014-15 as compared to 2013-14 primarily related to:

a. decreased use of employee severance benefits liability of $2.590 million as a result of employees departing and severance liquidation; and
b. increased salary payable of $0.899 million due to the implementation of the Pay in Arrears initiative.

Financial Statements

Fiscal year 2014-15 CGC audited financial statements[xxviii] are available on the CGC website. Once again, the CGC received an unqualified audit opinion of its annual financial statements. The CGC's 2014-15 financial statements include a link to the *Unaudited Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting, Fiscal Year 2014-15*. Audited financial statements are prepared in accordance with Section 6.4 of the Treasury Board of Canada's *Policy on Special Revenue Spending Authorities*.[xxix]

Supplementary Information Tables

The supplementary information tables listed in the *2014–15 Departmental Performance Report*[xxx] are available on the CGC's website.

- Departmental Sustainable Development Strategy;
- Internal Audits and Evaluations;
- Response to Parliamentary Committees and External Audits;
- User Fees, Regulatory Charges and External Fees.

Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the Tax Expenditures and Evaluations[xxxi] publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

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Appendix: Definitions

appropriation (*crédit*): Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*): Includes operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report (*rapport ministériel sur le rendement*): Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Report on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent (*équivalent temps plein*): Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes (*résultats du gouvernement du Canada*): A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*): A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Includes net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (*rendement*): What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator (*indicateur de rendement*): A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (*production de rapports sur le rendement*): The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (*dépenses prévues*): For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plan (*plan*): The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (*priorité*): Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (*programme*): A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*architecture d'alignement des programmes*)**:** A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities (*rapport sur les plans et les priorités*): Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

result (*résultat*): An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (*dépenses législatives*): Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (*résultat stratégique*): A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (*programme temporisé*): A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (*cible*): A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (*dépenses votées*): Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

whole-of-government framework (*cadre pangouvernemental*): Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

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[ii] *Canada Grain Act*, http://laws-lois.justice.gc.ca/eng/acts/G-10/

[iii] Quality assurance program, http://www.grainscanada.gc.ca/quality-qualite/ggm-mgg-eng.htm

[iv] Quantity assurance program, http://www.grainscanada.gc.ca/quantity-quantite/iaqnm-mrsqn-eng.htm

[v] Grain quality research program, http://www.grainscanada.gc.ca/research-recherche/iarm-mrsr-eng.htm

[vi] Producer protection program, http://www.grainscanada.gc.ca/producer-producteur/ifpm-mrdp-eng.htm

[vii] CGC website, http://www.grainscanada.gc.ca/

[viii] Bill C-48: Modernization of Canada's Grain Industry Act, http://www.parl.gc.ca/LegisInfo/BillDetails.aspx?Mode=1&billId=6821564&Language=E

[ix] Feedback from consultation on proposal to licence feed mills, http://www.grainscanada.gc.ca/consultations/2015/summary-resume/feedmills-en.htm

[x] Wheat Class Modernization Consultation – summary of feedback and next steps, http://www.grainscanada.gc.ca/consultations/2015/classes-en.htm

[xi] Directive on Performance Management, http://publiservice.tbs-sct.gc.ca/pol/doc-eng.aspx?id=27146

[xii] Whole-of-government framework, http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx

[xiii] *Public Accounts of Canada 2015*, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[xiv] Public Works and Government Services Canada website, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[xv] Quality Assurance Program, http://www.grainscanada.gc.ca/quality-qualite/ggm-mgg-eng.htm

[xvi] Quantity Assurance Program, http://www.grainscanada.gc.ca/quantity-quantite/iaqnm-mrsqn-eng.htm

[xvii] Western Standards Committee Recommendations, http://www.grainscanada.gc.ca/gscommittee-comiteng/wcs-cno/wscr-rcng-eng.htm

[xviii] Eastern Standards Committee Recommendations, http://www.grainscanada.gc.ca/gscommittee-comiteng/esc-cne/escr-rcne-eng.htm

[xix] Grain Research Laboratory Crops Section, http://www.grainscanada.gc.ca/cgc-ccg/grl-lrg/csm-msdc-eng.htm

[xx] Harvest and export quality reports on Canadian grain, http://www.grainscanada.gc.ca/quality-qualite/geuq-quf-eng.htm

[xxi] Grain Research Laboratory Technologies Section, http://www.grainscanada.gc.ca/cgc-ccg/grl-lrg/tsm-msdt-eng.htm

[xxii] Grain Quality Research Program, http://www.grainscanada.gc.ca/research-recherche/iarm-mrsr-eng.htm

[xxiii] *Fair Rail for Grain Farmers Act*, http://www.parl.gc.ca/LEGISInfo/BillDetails.aspx?Language=E&Mode=1&billId=6477802

[xxiv] Statistics about grain in Canada, http://www.grainscanada.gc.ca/statistics-statistiques/sim-rsm-eng.htm

[xxv] *Blueprint 2020*, http://www.clerk.gc.ca/eng/feature.asp?pageId=354

[xxvi] *Destination 2020*, http://www.clerk.gc.ca/eng/feature.asp?pageId=378

[xxvii] *Future oriented statement of operations*, http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/foso-aefp/2014/foso-aefp-2014-en.pdf

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[xxx] List of Supplementary Information Tables, http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/dpr-rmr/dpr-rmr-eng.htm

[xxxi] Government of Canada Tax Expenditures, http://www.fin.gc.ca/purl/taxexp-eng.asp

[xxxii] CGC website, http://www.grainscanada.gc.ca/